



SWLCWPUD
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April 21, 2026

BUDGET MESSAGE FOR FISCAL YEAR 2026-2027

Introduction:

Over the course of the past fiscal year, we welcomed several new staff, vigorously tackled system maintenance issues, and completed a water system survey with Oregon Health Authority. We spent several months discussing resiliency projects and completed a Natural Hazard Mitigation Plan, which makes us eligible for FEMA funding.

This budget document provides detailed information about the forecasted revenues and expenditures for the 2026 - 2027 fiscal year. It outlines all the major construction planned, as well as smaller improvement projects.

The proposed budget reflects the District's efforts to balance funding for distribution and treatment operations, keep user rates accessible to our local customer base, while also generating a surplus to contribute to our reserve fund.

Proposed Financial Policies:

The projected revenues are based on prior year trends of cash collected. Monthly review of revenues and expenditures ensure budgeted funds are allocated appropriately to meet projected expectations. In years' past, we substantially raised our rates to meet inflation. We also had to boost our reserve funds after experiencing several dramatic pipe ruptures and other failure incidents.

The Board of Directors has carefully considered the PUD's existing debt, as we continue to partner with Business Oregon on critical system improvements. For this reason, the Board will be evaluating the PUD's rate structure for water services. The proposed budget proposes a 10% increase in revenue, and the impact on customer rates will be assessed as part of this evaluation.

Important Features:

The proposed budget for fiscal year 2026-2027 was prepared pursuant to Oregon Local Budget Law. We developed the budget on a cash basis. The District did not make any changes to accounting practices or procedures, nor does it anticipate any changes for the upcoming year.

The proposed budget consists of seven pages covering the General Fund, the Construction Fund, and the Equipment Reserve Fund. The Construction Fund details most of the planned activity for the upcoming fiscal year.

Major Projects:

- **Waterline Project:** In April of 2023, the District was awarded \$5.9 million through the Safe Drinking Water Revolving Loan Fund for Waterline Improvements. The purpose of this project is to increase seismic resiliency, abandon hazardous pipe, and upsize lines for fire flow and future growth. At the time of this message, bid documents are being prepared and design is in final review. Construction contracting is slated for early summer, with construction anticipated for six to nine months.
- **Water Treatment Plant Upgrade:** This year we entered a service contract to calibrate turbidity meters at both treatment plants, which will now occur annually. This quarterly service ensures high water quality and compliance with Oregon Health Authority. This line item also includes funding to update instruments for monitoring dosing, water quality, data collection and optimizing efficiency. These maintenance and improvement items will be funded by internal reserves.

Other Improvement Projects:

We have also budgeted for smaller projects to increase safety and prepare for the future.

- **Fire Hydrants** are a big part of our maintenance program. Several of our hydrants are unable to be repaired due to manufacturing changes and some areas in the district need additional hydrants due to density and rule changes. We are budgeting for (5) new fire hydrants, which staff will install during milder months of the year. A contractor might be procured to install hydrants in new locations. This work will be funded by internal reserves.
- **Water Meters** are being replaced with an Automated Meter Reading System. The meter heads are replaced in-house, then antennas will be installed (also in-house). Once all meters are replaced, operators will no longer need to manually read meters. Instead, data will be transmitted electronically. This project is funded by internal reserves.
- **Equipment Fund/Vehicles** The PUD secured a new four-door pickup truck through government procurement pricing, which will be ready in July. The additional seating capacity will enable operators to reduce their environmental impact as well as lessen wear and tear on the numerous gravel roads in the district.

We also have plans to sell the dump truck purchased through state surplus a few years ago. It has become unmanageable due to its age and specificity. The budget includes additional funding for a used service truck with a dump bed. A smaller, more manageable vehicle will enable the crew to arrive at a job site as a single unit with the vacuum trailer and excavator in tow. These vehicles are funded by internal reserves.

Acknowledgement:

We are excited to contribute to the longevity of the water system in this upcoming year, and to continue to provide clean, safe drinking water with confidence.

The Board of Directors and District staff extend our gratitude to the Budget Committee Members for their guidance, service, and time during the Budget Cycle.

We are happy to provide any supplemental information ahead of the Budget Committee Meeting. We look forward to seeing you at the District Office on Tuesday, April 28, 2026, at 10:00am.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Angela Vogl', with a stylized, cursive script.

**Angela Vogl,
Budget Officer,
SWLCWPUD District Manager**